



MEMORANDUM

To: Members of the Michigan House Committee on Agriculture

From: Doug Roberts, Jr., Director of Environmental and Energy Policy

Subject: House Bills 5751, 5752, 5753, 5754, and 5755 – Alternative Fuels

Date: 2/28/06

The purpose of this memo is to inform you that the Michigan Chamber of Commerce **supports House Bills 5751, 5752, 5753, 5754, and 5755** sponsored by Representatives Lajoy, Casperson, Leland, Nitz, and Stahl. This package is designed to encourage and promote the use of ethanol and bio-diesel in the state of Michigan.

In his 2006 State of the Union Address President Bush called for replacing more than 75% of our oil imports from the Middle East by 2025. Given this charge Michigan has a real opportunity to be at the forefront of alternative energy production. Michigan based automakers are stepping to the plate with major investments in hybrid technology and flex fuel vehicles. Additional incentives offered by House Bills 5751 - 5755 could further help to spur energy diversification in Michigan.

Tax Relief

The Michigan Chamber supports providing a short term incentive to encourage customers to try alternative fuels. Under the provisions of HB 5751 the gas tax on gasoline containing 85% ethanol would be reduced by 7 cents, while the gas tax on diesel fuel containing 5% bio-diesel would be reduced by 3 cents. In addition, we support language in the bill that holds the Transportation Fund harmless and believe this wording must be retained.

Incentives to Gas Stations

There are currently very few stations in Michigan that carry E-85 pumps. This lack of infrastructure makes it difficult for consumers to choose between alternative fuels and traditional fuels. The Michigan Chamber supports providing incentives to gas stations in the form of grants to install alternative fuel pumps to improve our infrastructure network.

Incentives for Production

Producing bio-diesel and ethanol in Michigan offers the opportunity to improve the rural economy of our state. The Michigan Chamber supports providing additional renaissance zones for the production of alternative fuels to help attract additional production facilities to Michigan.

The Michigan Chamber applauds Representative Nitz for all of his hard work in developing this package. **We encourage you to support House Bills 5751 – 5755.** The Michigan Chamber would like to reaffirm our opposition to all bills that impose energy or fuel mandates. If you have any questions, please feel free to contact Rich Studley or Doug Roberts, Jr. at (517) 371-2100.